Vol. II

TRANSCRIPT OF RECORD

(Pages 57 to 87)

Supreme Court of the United States

OCTOBER TERM, 1946

No. 755

IRA J. McCULLOUGH, PETITIONER,

vs.

KAMMERER CORPORATION AND BAASH-ROSS TOOL COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR CERTIORARI FILED DECEMBER 6, 1946.

CERTIORARI GRANTED FEBRUARY 3, 1947.

No. 11122

IN THE

United States Circuit Court of Appeals
For the Ninth Circuit

IRA J. McCULLOUGH,

Appellant,

vs.

KAMMERER CORPORATION and BAASH-ROSS TOOL COMPANY,

Appellees.

And

IRA J. McCULLOUGH,

Appellant,

vs.

KAMMERER CORPORATION and BAASH-ROSS TOOL COMPANY,

Appellees.

Upon Appeals from the District Court of the United States for the Southern District of California, Central Division

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PROCEEDINGS HAD IN THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

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United States Circuit Court of Appeals for the Ninth Circuit

Excerpts from Proceedings of Friday, May 17, 1946.

Before: Denman, Mathews and Orr, Circuit Judges.

[Title of Cause.]

ORDER OF SUBMISSION

Ordered appeal herein argued by Mr. A. W. Boyken, counsel for appellant, and by Mr. Leonard S. Lyon, counsel for appellees, and submitted to the court for consideration and decision. [*57]

United States Circuit Court of Appeals for the Ninth Circuit

Excerpts from Proceedings of Saturday, June 29, 1946.

Before: Denman, Mathews and Orr, Circuit Judges.

[Title of Cause.]

ORDER DIRECTING FILING OF OPINIONS AND FILING AND RECORDING OF DECREE

Ordered that the typewritten opinion and dissenting opinion this day rendered by this Court in above cause be forthwith filed by the clerk, and that a decree be filed and recorded in the minutes of this court in accordance with the majority opinion rendered. [58]

[Title of Circuit Court of Appeals and Cause.]

Appeals from the District Court of the United States for the Southern District of California, Central Division.

Before: Denman, Mathews and Orr, Circuit Judges.

Orr, Circuit Judge:

OPINION AND DISSENTING OPINION

On June 28, 1941, the District Court for the Southern District of California entered interlocutory judgments holding the Reilly-Stone patent No. 1,625,391, owned by appellee Kammerer Corporation and licensed to appellee Baash-Ross Tool Company, to be valid and infringed by appellant [39 F. Supp. 213]. A permanent injunction was granted [1] and appellant was ordered to pay appellees such profits and damages as an accounting would show were sustained as a result of the infringement. [59]

On appeal here we affirmed [138 F. 2d., 482], and denied a petition for rehearing [143 F. 2d., 595]. Certiorari to the Supreme Court was sought and denied [322 U. S. 739], but granted on petition for rehearing [322 U. S. 765]. The granting of certiorari was to consider the contention of appellant that appellee Kammerer's license agreement with appellee Baash-Ross contained restrictions, un-

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damage for infringement the only issue.

[1] The patent expired on April 18, 1944, leaving

authorized by the patent, against public policy and unlawful.

After hearing, the Supreme Court dismissed the writ of certiorari [323 U. S. 327], holding that the "only question for which we granted certiorari is one not properly raised, litigated, or passed upon below", because the District Court had made no findings on this issue of unlawful patent use, nor had the matter been raised before this court on appeal.

On dismissal of the writ of certiorari appellant moved this court for a denial of the accounting and damages to appellees, or, in the alternative, that appellant be permitted to make such a motion in the District Court.

We amended our former judgment of affirmance and remanded the cause to the District Court saying:

"In this court the appellant, admitting the finality of our judgment that the patent is valid and infringed by him, repeats his claim that the license agreement of appellees violates the public interest. He moves that the ordered accountings, damages and costs be denied appellees by this court; or, in the alternative, that permission be granted him to move in the District Court below that such relief be denied appellees. The motion was argued on behalf of all the parties and submitted.

"Without passing upon the merits of appellant's contention respecting the effect on the public in-

terest of appellees' license agreement, and without altering our judgment affirming the judgments of the district court as to the validity of the patent and its infringement, it is ordered that the judgment of this court be otherwise amended to provide that the cause be remanded to the district court and that that court may entertain a motion or motions based upon such contention to modify or set aside its order or orders for [60] such damages and accountings thereof, and take such action thereon as it may determine." (148 F. 2d, 525, 526.)

In the District Court appellant moved (a) to modify the interlocutory judgment of June 28, 1941, by eliminating the provision for an accounting and for payment by appellants to appellees of damages for infringement, and, (b) for final judgment dismissing the original complaints of appellees. In support of this motion appellant pressed its contention of patent misuse of restraint of trade.

The District Court on June 5, 1945, denied appellant's motion to modify the original judgment, to stay the accounting, and for final judgment dismissing the complaints, and ordered that the accounting be resumed.

From the order denying the motion to modify the judgment, and denying the motion to dismiss the original complaints, appellant has appealed. Appellant contends that jurisdiction of this court to entertain said appeal is found in § 129 of the Judicial Code, as amended, (28 U.S.C.A. § 227 (a)), which reads:

"When in any suit in equity for the infringement of letters patent for inventions, a decree is rendered which is final except for the ordering of an accounting, an appeal may be taken from such decree to the circuit court of appeals: Provided, that such appeal be taken within thirty days from the entry of such decree or from February 28, 1927; and the proceedings upon the accounting in the court below shall not be stayed unless so ordered by that court during the pendency of such appeal."

We do not agree. Said section has no application since the order appealed from is not a decree, final or otherwise. A denial of a motion to modify a judgment and a denial of a motion to dismiss a complaint is not a final decree within § 227 (a).[2] It is true that an "order" can be a "judgment",[3] and it is equally true that it is the court's action which determines the character of its decision. But here the District Court specifically refused [61] to enter a "supplementary interlocutory judgment". Its order reads:

"Motion for entry of Supplemental Interlocutory Judgment is denied, as the motion to modify the judgment was denied, the original judgment stands. L.R.Y."

Appellant appealed from the interlocutory judgment of June 28, 1941, under Judicial Code § 129, as amended. No further appeal under this section

[2]See cases in footnotes 4 and 5.

[3]Rule 54, Fed. Rules of Civ. Proc.; Rosenberg v. Heffron, 131 F. 2d., 80, 82, CCA 9.

is open to him because the interlocutory judgment appealed from stands and is still "final except for the order of an accounting".

The order of June 5, 1945, denying the motion to modify the judgment was not a "final decision" within § 128 of the Judicial Code,[4] nor was the order denying the motion to dismiss a final judgment so as to give us jurisdiction of the attempted appeal from said order.[5]

In Catlin v U. S., 324 U. S. 229, 236, the Supreme Court, speaking of a motion to disiniss the Government's petition for condemnation, which motion had been denied, and from which order of denial an appeal had been dismissed by the Circuit Court of Appeals, said:

"Had this motion [to dismiss] been granted and judgment of dismissal been entered, clearly there would have been an end of the litigation and appeal would lie within § 128 [citing cases]. But denial of

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[4]Richfield Supply Co. v. Richfield Oil Co., 74 F. 2nd., 909, CCA 9;
Jackson v. Heiser, 111 F. 2d., 310, CCA 9;
Old Colony Trust Co. v. Kurn, et al., 138 F. 2d., 394, CCA 8;
See: Bowers v. E. J. Rose Co., 149 F. 2d., 613, CCA 9;
Bensen v. U. S., 93 F. 2d., 749, CCA 9.

[5]Catlin v. U. S., 324 U. S. 229;
Western Fruit Growers Inc. v. U. S. 124 F. 2d., 381, 385, CCA 9;
Toomey v. Toomey, 149 F. 2d., 19, CCA, DC;
Ballard v. Mutual Life Ins. Co. of N. Y., 109 F. 2d., 388, CCA 5.

a motion to dismiss, even when the motion is based on jurisdictional grounds, is not immediately reviewable [citing cases]. Certainly this is true whenever the question may be saved for disposition upon review of final judgment disposing of all issues involved in the litigation. * * *"

In this case had the motion to dismiss been granted there would have been an end to the litigation but having denied the motion [62] and permitted the interlocutory judgment to stand as originally entered, the question presented by this appeal "may be saved for disposition upon review of final judgment disposing of all issues involved in the litigation", that is, when final judgment after the accounting is entered.

Appeal dismissed.

Denman, Circuit Judge, dissenting:

The Supreme Court has held that, where presented, the issue of the misuse of a patent, against the public interest, is "dominant." The words of Mercoid Corp. v. Midcontinent Investment Co., 320 U. S. 661, 665, are that it is not the private use but "the public use which is dominant." Cf. Vitamin Technologists v. Wisconsin Alumni Research, 146 F. 2d 941, 944.

Where the dominant public interest is violated the court will refuse all equitable relief, here the equitable relief of injunction and accounting. Mercoid Corp. v. Midcontinent Investment Co., supra, 670. Such a dominent interest will be protected sua

sponte by an appellate court where it discovers such violation. Beasley v. Texas & Pac. Ry. Co., 191 U. S. 492, 498.

It is apparent that if the complaint here had tendered such a dominant issue, with the issues of validity and infringement, and on a motion to dismiss that issue had been decided adversely to the plaintiff, and the issues of validity and infringement held for the plaintiff and an accounting ordered, the decision of the issue of public misuse would have been "final except for an accounting" within 28 U.S.C.A. § 227 (a).

Such a dominant issue was presented to this court. We referred it to the district court with the power to entertain and decide that issue through the medium of a motion to deny the equitable relief of an accounting. The district court entertained a motion for the decision of that dominant issue and its adverse decision adjudicated it finally, except for an accounting. Its order was a final decision, except for an accounting. There was nothing else for the lower court to do.

I dissent from the holding that the denial of that motion is not a final decision on the dominant issue because it was presented [63] in such a motion. This is a clear case of obscuring in the form the essence of what, under our order, the lower court undertook and did.

To say, as the opinion does, that the order would be final and appealable if it had been decided the other way, makes clear that the court's opinion is

not thinking of what the issue was that was decided but of the form of procedure in which the issue was presented.

Moreover, our order gave the lower court the power "to take such action thereon as it may determine." The lower court did more than entertain the motion to deny the equitable relief of accounting. It entertained and denied appellant's motion to dismiss the action, not the judgment. This is what the court could have done sua sponte. While in other than patent litigation such a denial of a motion to dismiss, on a ground requiring dismissal if valid, is not appealable, in a patent suit where nothing remains but the equitable relief of accounting, it is appealable.

No one of the cases cited to the proposition of the lack of appealable finality in an order denying a motion to vacate an order, is a patent case in which the lower court had been permitted to decide the dominant issue of public misuse. None had presented, much less considered, the situation where the motion for the first time presents the issue of public misuse—an issue, as seen, to be injected into the case by the appellate court sua sponte at any time—requiring the setting aside of the order as a mere incident of dismissing the action for equitable relief in its entirety.

The appeal should be entertained.

[Endorsed]: Opinion and Dissenting. Filed Jan. 29, 1946. Paul P. O'Brien, Clerk. [61]

United States Circuit Court of Appeals for the Ninth Circuit

No. 11122

IRA J. McCULLOUGH,

Appellant,

vs.

KAMMERER CORPORATION and BAASH-ROSS TOOL COMPANY,

Appellees.

IRA J. McCULLOUGH,

Appellant,

vs.

KAMMERER CORPORATION and BAASH-RSS TOOL COMPANY,

Appellees.

DECREE

Appeals from the District Court of the United States for the Southern District of California, Central Division.

This cause came on to be heard on the Transcript of the Record from the District Court of the United States for the Southern District of California, Central Division, and was duly submitted.

On consideration whereof, it is now here ordered, adjudged, and decreed by this Court, that the appeals in this cause be, and hereby are dismissed, with costs in favor of the appellees and against the appellant.

It is further ordered, adjudged, and decreed by this Court, that the appellees recover against the appellant for their costs herein expended, and have execution therefor.

[Endorsed]: Filed and entered June 29, 1946. Paul P. O'Brien, Clerk. [65]

[Title of Circuit Court of Appeals and Cause.]

PETITION FOR REHEARING

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[Title of Circuit Court of Appeals and Cause.]

PETITION FOR REHEARING

To the Honorable Judges of the United States Circuit Court of Appeals for the Ninth Circuit:

Appellant, feeling aggrieved by the decision of this Court on June 29, 1946, dismissing the appeals, respectfully submits this petition for a rehearing.[1]

The order of June 5, 1945, from which these appeals were taken, denied defendant's motion to modify the interlocutory judgments, stay the accountings and dismiss the complaints. The basis for the motions was that the patent in suit had been misused in a manner affecting the public interest, for which reason plaintiffs were entitled to no further equitable relief.

The motion served to call the District Court's particular attention, for the first time, to a certain license agreement in evidence (Plaintiff's Exhibit 7) which contained restrictive covenants in restraint of trade and in violation of the anti-monopoly laws.[2] A full hearing was had and the District Judge made

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[1]This petition is filed without prejudice to the motion to Modify or Set Aside Decree, Recall Mandate, etc., now pending before this Court and undecided in Appeal No. 9957. [67]

[2]Relying on Morton Salt Co. v. G. S. Suppinger, 314 U. S. 488, 62 S. Ct. 402; Mercoid Corp. v. Mid-continent Inv. Co., 320 U. S. 661, 64 S. Ct. 268; Vitamin Technologists v. Wisconsin Alumni Research, 146 F. (2d) 941 (CCA 9th), and other cases cited.

many additional findings of fact and conclusions of law, together with his opinion and order.

MAJORITY OPINION OF THIS COURT

The majority opinion of this Court seems to rest upon three grounds, viz: (1) that the District Court's order of June 5, 1945, "is not a decree, final or otherwise"; (2) that "a denial of a motion to modify a judgment and a denial of a motion to dismiss a complaint is not a final decree within Section 227(a)"; and (3) that "The order of June 5, 1945, denying the motion to modify the judgment was not a 'final decision' within Section 128 of the Judicial Code, nor was the order denying the motion to dismiss a final judgment". [68]

We respectfully submit:

1. That the District Court's order of June 5, 1945, is a "decree" or "judgment", final except for "the ordering of an accounting", and

2. That a denial of a motion to modify a judgment and a denial of a motion to dismiss a complaint is a final decree within Section 227a of Title 28 U.S.C. in a case such as this, in which the District Court, in acting on these motions, initially determined a new issue expressly left open by the mandate of this Court.

We have not contended that the order is a final decision within the meaning of part (a) of Section 128 of Judicial Code (28 U.S.C.A. 225 part a), which is the third ground upon which this Court's opinion seems to rest.

None of the cases cited in the majority opinion:

1. Are cases which hold that an applicable "final decision cannot be incorporated in an interlocutory order, judgment or decree".

2. Involved the public interest.

3. Are patent suits, with the exception of Bowers v. E. J. Rise Co., 149 F. (2d) 613, in which a motion was made to set aside the judgments because of excusable neglect,—an entirely different situation, or

4. Are cases in which the district court in acting on the motions initially determined a new issue expressly left open by the mandate of an appellate court. [69]

I.

THE ORDER OF JUNE 5, 1945, IS A FINAL JUDGMENT OR DECREE, EXCEPT FOR AN ACCOUNTING, UNDER SECTION 227(a) SINCE THE DISTRICT COURT IN ACTING ON THE MOTIONS INITIALLY DETERMINED A NEW ISSUE EXPRESSLY LEFT OPEN BY THE MANDATE OF THIS COURT.

Briefly, our reasons for contending that the order is appealable are as follows:

1. This is a patent suit, in which an appeal from an interlocutory order is expressly allowed by statute, when such order finally decides all other questions and ends the litigation, save and except

an accounting for the exact amount of profits and damages. The reason for this exception, permitting an appeal from an interlocutory order or decree, is to avoid the expense and delay of an accounting, until the appellate court can determine all the other issues in the case.

2. The District Court in passing on these motions initially decided a new issue expressly left open by the mandate of this Court. This Court, recognizing the finality of the interlocutory judgments previously entered herein, except for the accounting, remanded the cause to the District Court for the special purpose of determining the question of patent misuse, which question had not been decided in the interlocutory judgments from which the prior appeals had been taken. That question was finally decided by the District Court and many additional findings of fact and conclusions of law were made. Although termed motions to modify and set aside interlocutory judgments, these motions also served to call the District Court's attention to a violation of the public interest. The denial of these motions resulted in the order of June 5, [70] 1945, which finally determined the question of patent misuse and left this patent infringement suit "final except for the ordering of an accounting." The fact that this final decision on a dominant issue was presented in the form of a denial of a motion should not detract from what the lower court undertook and did.

3. An accounting before a master in a patent

infringement suit is protracted and expensive. If this Court does not now decide the question of patent misuse, years may pass before another appeal can be taken from the Final Judgment entered by the District Court (Bingham Pump Co. v. Edwards, 118 F. (2d) 338, CCA 9th). As expressed in open court at the hearing of this appeal on May 17, 1946, all parties to this litigation are desirous of settling the question of patent misuse now.

4. The Order from which these appeals were taken was based upon many additional findings of fact and conclusions of law and is a new "Judgment", whether so called or not, from which an appeal lies. If the District Judge's statement after the decision that "the original judgment stands" must be taken literally, then the former interlocutory judgments have been reaffirmed upon additional findings of fact and conclusions of law, having the force and effect of new judgments from which appeals lie. The object of findings and conclusions on patent misuse was to aid the appellate court in understanding the basis for the decision below and judgment entered thereon.

5. The public interest is here involved in that the patent has been misused.

6. The public interest can be protected sua sponte by an appellate court at any time during the pendency of a suit, when called to the attention of that court in some [71] appropriate manner, under which circumstances a liberal rather than a strict interpretation of the statutes is permitted.

The very meaning of public policy is the interest of others, and that interest is not at the mercy of the parties to the litigation.

II.

THE ORDER OF JUNE 5, 1945, NEED NOT BE CALLED A "JUDGMENT" OR "DECREE" SO AS TO BE APPEALABLE, SINCE THE RIGHT TO REVIEW "INTERLOCUTORY ORDERS" IS EXPRESSLY PROVIDED BY STATUTE AND IS COMMON IN FEDERAL COURTS.

There is no statute or rule of law with which we are familiar requiring the document appealed from to be called a "Judgment" or "Decree". Indeed, part (b) of Section 225 of Title 28 U.S.C.A. (Judicial Code Section 128) specifically gives the Circuit Court of Appeals the right to review "interlocutory orders or decrees of district courts," and this Court said that "Circuit Courts of Appeals have many times entertained appeals from orders denying motions . . ."[1] and that "a final decision is an order substantially terminating the litigation".[2] Additional authorities are cited in the succeeding section of this petition.

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[1]Gargano v. United States, 140 F. (2d) 118 (CCA 9th), opinion by Judge Mathews.

[2]Benson v. United States, 93 F. (2d) 749, 750 (CCA 9th), opinion by Judge Denman. Also in Wiley v. United States, 144 F. (2d) 707, this Court held that the "order" denying a motion to vacate a judgment was appealable.

The majorty opinion recognizes this fact in that it states "It is true that an 'order' can be a 'judgment', and it is equally true that it is the Court's action which [72] determines the character of its decision." (Opinion p. 61). In support of this statement the court cites Rule 54 of the Federal Rules of Civil Procedure which provides that a "Judgement", as used in the rules, "includes a decree or any order from which an appeal lies."

If the District Court had granted our motion to enter "Supplemental Interlocutory Judgement", in addition to making "Findings of Fact, Conclusions of Law and Order Denying Defendant's Motions", an appeal clearly could have been taken under the provisions of 28 U.S.C.A. 227(a).

Our motion for entry of a "Supplemental Interlocutory Judgement" was only for the purpose of adding a determination against patent misuse to the former "Interlocutory Judgment" and recasting the whole into one document in the more familiar form of an Interlocutory Judgment. The statement of the District Judge that "the original judgment stands" is unimportant because, irrespective of his personal views, the fact remains that a new issue had been decided. The action of the District Judge in refusing to enter such a supplemental judgment should not prevent the applicability of Section 227(a) and deny defendant his right to appeal.

III.

THE LAW

By its language, the appellate statute (28 U.S.C.A. 225) gives the federal court jurisdiction to review not only (a) final decisions but also (b) interlocutory orders or decrees of district courts which are "specified in Section 227 of this title." These reviewable interlocutory orders relate to injunctions, receivers, admiralty and patent suits (28 U.S.C.A. 225b, 225c, 227 and 227a). It is plain, therefore, that the Circuit Court of Appeals can review both final [73] decisions, which end litigation altogether, and also interlocutory orders and decrees in exceptional instances, including those entered in patent suits.

In the leading case of Smith v. Vulcan Iron Works, 165 U. S. 518, a patent infringement suit, an appeal was taken from an interlocutory order or decree granting an injuction and ordering an accounting. The manifest intent of the statute, allowing an appeal from such an interlocutory order, said the Court, was "not only to permit the defendant to obtain immediate relief from an injunction . . . but also to save both parties from the expense of further litigation should the appellate court be of the opinion that the plaintiff was not entitled to an injunction because his bill had no equity to support it."

Formerly an appeal in equity from an interlocutory order or decree, finding a patent valid and infringed and awarding an accounting, was taken

under Judicial Code Section 129 (now 28 U.S.C.A. 227), because an injunction had been granted. If, however, the patent expired before the interlocutory decree was entered, no injunction would issue and an appeal could not be taken until a full accounting was had. Because of the enormous expense involved in a patent accounting, frequently taking years to complete[1], Judicial Code Section 129 was amended [74] February 28, 1927, and appeals from an interlocutory order or decree in a patent suit may now be taken, whether or not there is an injunction, providing only that the decree entered "is final except for the ordering of an accounting". It is that amendment, now embodied in 28 U.S.C.A. 227a, relating only to patent suits, under which this appeal has been taken.[2]

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[1]The Master's Report in Ruth v. Stearns-Roger Mfg. Co., 13 F. Supp. 697, will serve to illustrate the complexity of patent accountings. The report was approved by the District Court three years after the opinion of the Court of Appeals, Stearns-Roger Mfg. Co. v. Ruth, 62 F. (2d) 442. One of the leading cases on patent accounting in the Ninth Circuit is Dunkley Co. v. Central California Canneries, 7 F. (2d) 972. This court affirmed the District Court, finding the patent valid and infringed and filed its opinion on October 1, 1917 (247 Fed. 790). Almost eight years later, on September 14, 1925, this court affirmed the Master's Report on accounting, allowing a $12,000 fee to the Master, though plaintiff was only awarded $11,403.23 as profits and damages.

[2]Report by Committee on Patents, Senate No. 1319 and House of Representatives No. 1890, 69th Congress, 2nd Session, recommending passage of Senate Bill No. 1346 and H.R. 11849.

The order or decree here appealed from is interlocutory in form because an accounting is to follow, but it is final in substance as to all questions, including patent misuse, except for such accounting. Whether or not the order or decree is termed "interlocutory" or "final", one thing would appear certain: It is "final except for the ordering of an accounting", viz., the defense of patent misuse has been finally decided against defendant and the case is closed except for the accounting, therefore, coming within the precise language which allows appeals from interlocutory orders in patent suits (28 U.S.C.A. 227a).

A "final decision" embodied in an interlocutory order or decree, from which an appeal may be taken, is not the ultimate decree completely closing up a case. The Circuit Court of Appeals for the Tenth Circuit in Kasishke v. Baker, 144 F. (2d) 384, 386, had the following to say on that point:

"'A "final decision" is not necessarily the ultimate judgment or decree completely closing up a proceeding. In the course of a proceeding there may be one or more final decisions on particular phases of the litigation, reserving other matters for future determination.' [74] Rubert Hermanos Inc., et al. v. People of Puerto Rico, supra (118 F. (2d) 757).[1]

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[1] See, also, Puerto Rico Light and Power Co. v. United States, 131 F. (2d) 491.

The new federal rules which permit the court to order separate trial of issues indicates a "definite

"A judgment need not conclude the litigation as a whole in order to be final for the purposes of appeal. Admittedly the judgment under consideration, if it stands, does not put an end to the litigation—something remains to be done. But when we examine the judgment that was actually entered in the light of the authorities, supra, we conclude it is final and appealable. It definitely fixes the rights of the parties in and to certain specific property. It provides as to that question it is final . . . Why not determine that question now, and avoid any uncertainty as to the right to an accounting, which the parties all admit will be expensive and require much time? Practical considerations in the administration of justice suggest the necessity of treating the judgment as final."

In that case, as here, practical considerations suggest that there should be a speedy determination, of whether plaintiffs are entitled to an accounting.

This Court, denying a motion to dismiss the appeal in a patent infringement suit, in Brush Electric Co. v. Electric Imp. Co., 51 Fed. 557, 561 (CCA 9th), expressing the liberal view had the following to say:

". . . Considering the construction given by the supreme court to the terms 'final decisions,' 'judgments,' or 'decrees,' we reach the conclusion that

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policy" to permit the entry of separate judgments, as, for example, in Reeves v. Beardall, 316 U. S. 283, 62 S. Ct. 1085, 1087, and Collins v. Metro-Goldwyn Pictures Corporation, 106 F. (2d) 83, 85.

the term [76] 'final decision' in said statute under consideration does not mean necessarily such decisions or decrees only which finally determine all the issues presented by the pleadings; that, while these are undoubtedly final decisions, the terms are not limited to them, but also apply to a final determination of a collateral matter distinct from the general subject of litigation, affecting only the parties to the particular controversy, and finally settles that controversy. It would seem, also, that the importance of this collateral matter should be considered.' Terry v. Sharon, 131 U. S. 46, 9 Sup. Ct. Rep. 705."

"The order overruling the motion of the Brush Electric Company to dismiss the cause as to it, does seem to have been the final determination of a most important question, collateral in its character. In considering the motion, questions of fact and of law were involved. Distinct issues of both were presented. They were such as were not presented by the general issues in the case. These questions would not be again presented. They were not preliminary to the decree upon the merits, or involved in the decree upon the merits. The order determining the issues upon this motion we therefore hold was a 'final decision,' within the meaning of the statute concerning appeals in this court above referred to, and was therefore the subject of an appeal thereunder."

In United States v. 243.22 Acres, 129 F. (2d) 678, 680 (CCA 2nd), Judge Frank has the follow-

ing to say regarding the expression "final decision":

"'Final' is not a clear one-purpose word; it is slithery, tricky. It does not have a meaning constant in all contexts. What was said as to 'final' orders [77] a half century ago still holds: 'The cases, it must be conceded, are not altogether harmonious.' There is, still, too little finality about 'finality'. '"A final decision" is not necessarily the ultimate judgment or decree completely closing up a proceeding.' But it is not easy to determine what decisions short of that point are final."

In this Court, Judge Mathews, writing the opinion in Gargano v. United States, 140 F. (2d) 118[1] said:

". . . . Circuit courts of appeal have many times entertained appeals from orders denying motions to amend, modify, vacate or set aside judgments in criminal cases and so, in effect, have held that such orders are final decisions. The Supreme Court, in several cases, appears to have assumed the appealability of orders granting or denying such motions, which is to say, it appears to have assumed that such orders are final decisions." (Citing cases.)

Judge Denman, in the earlier case of Bensen v. United States, 93 F. (2d) 749, 750, says that:

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[1]To the same effect is Wilson v. United States, 145 F. (2d) 734, 735, also opinion by Judge Mathews, on an appeal from an order denying a motion to vacate a judgment.

"The test of finality, hence reviewability, is the same from criminal and civil cases."

Again in Favour v. Hill, 136 F. (2d) 489 (CCA 9th), it was held that an "order" of the District Court pursuant to the mandate of this Court, "is a final judgment from which petitioners have the right to appeal if the mandate is not followed."

In Swan Carburetor Co. v. Nash Motors Co., 98 F. (2d) 115, it was held that the appellate court had jurisdiction of an appeal from an order denying plaintiff's motion to [78] strike portions of an answer in a patent infringement suit, where defendant raised no question as to plaintiff's right to appeal.

In Marconi Wireless v. United States, 320 U. S. 1, 47; 62 S. Ct. 1393, 1415, the Supreme Court held that the interlocutory decision of the Court of Claims on the question of validity and infringement of a patent was appealable, "as are interlocutory orders of district courts in suits to enjoin infringements," for which reason a court "did not lack power at any time prior to entry of its final judgment at the close of the accounting to reconsider any portion of its decision and reopen any part of the case," citing John Simmons Co. v. Grier Bros. Co., 258 U. S. 82; 42 S. Ct. 196, adding:

"It was free in its discretion to grant a reargument based either on all the evidence then of record or only the evidence before the court when it

rendered its interlocutory decision, or to reopen the case for further evidence."

The question whether a decree is final and appealable, according to Potter v. Beal, 50 Fed. 860, is not determined by the name which the court below gives it, but is to be decided by the appellate court on a consideration of the essence of what is done.

Regarding the finality of a decree or judgment for appeal purposes, O'Brien's Manual of Federal Appellate Procedure, page 26, says that "Where a decree contemplates further proceedings in the lower court, a right of appeal might be made upon the new hearing," citing Waialua Agr. Co. v. Christian, 52 F. (2d) 847 (CCA 9th). Second appeals in the same case are common in the federal courts. (Our opening brief, pages 4-7.) [79]

CONCLUSION.

The order, therefore, from which an appeal was taken, though not the ultimate final judgment because an accounting was to follow, nevertheless was a final decision on all other matters including patent misuse, and it appears to us, 28 U.S.C.A. 227a (Judicial Code 129 as amended) directly applies. Nothing more is to be done in the District Court, save the accounting.

A rehearing is respectfully petitioned.

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Dated: August 27, 1946.

CERTIFICATE

It is hereby certified that in our judgment the foregoing Petition for Rehearing is well founded and is not interposed for delay.

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A. W. BOYKEN
ROBERT M. McMANIGAL
Attorneys for Appellant.

Of Counsel:

W. BRUCE BECKLEY.

[Endorsed]: Filed Aug. 28, 1946. Paul P. O'Brien, Clerk. [80]

United States Circuit Court of Appeals for the Ninth Circuit

Excerpts from Proceedings of Monday, September 9, 1946.

Before: Denman, Mathews and Orr, Circuit Judges.

[Title of Cause.]

ORDER DENYING PETITION FOR REHEARING

Upon consideration thereof, and by direction of the Court—Denman, C. J. dissenting—It is ordered that the petition of appellant, filed August 28, 1946, and within time allowed therefor by rule of court, and valid extension thereof, for a rehearing of above cause be, and hereby is denied. [81]

[Title of Circuit Court of Appeals and Cause.]

CERTIFICATE OF CLERK, U. S. CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT, TO RECORD CERTIFIED UNDER RULE 38 OF THE REVISED RULES OF THE SUPREME COURT OF THE UNITED STATES.

I, Paul P. O'Brien, as Clerk of the United States Circuit Court of Appeals for the Ninth Circuit, do hereby certify the foregoing two volumes, consisting of eighty-one (81) pages, numbered from and including 1 to and including 81, to be a full, true and correct copy of the entire record of the above-entitled case in the said Circuit Court of Appeals, made pursuant to request of counsel for the appellant, and certified under Rule 38 of the Revised Rules of the Supreme Court of the United States, as the originals thereof remain on file and appear of record in my office.

Attest my hand and the seal of the said the United States Circuit Court of Appeals, for the Ninth Circuit, at the City of San Francisco, in the State of California, this 22nd day of November, 1946.

[Seal] /s/ PAUL P. O'BRIEN,
Clerk. [82]